



Enhanced Integrated Framework

Trade for LDC development

PARTNERING UP TO SUPPORT CROSS-BORDER TRADE PROSPERITY IN RWANDA



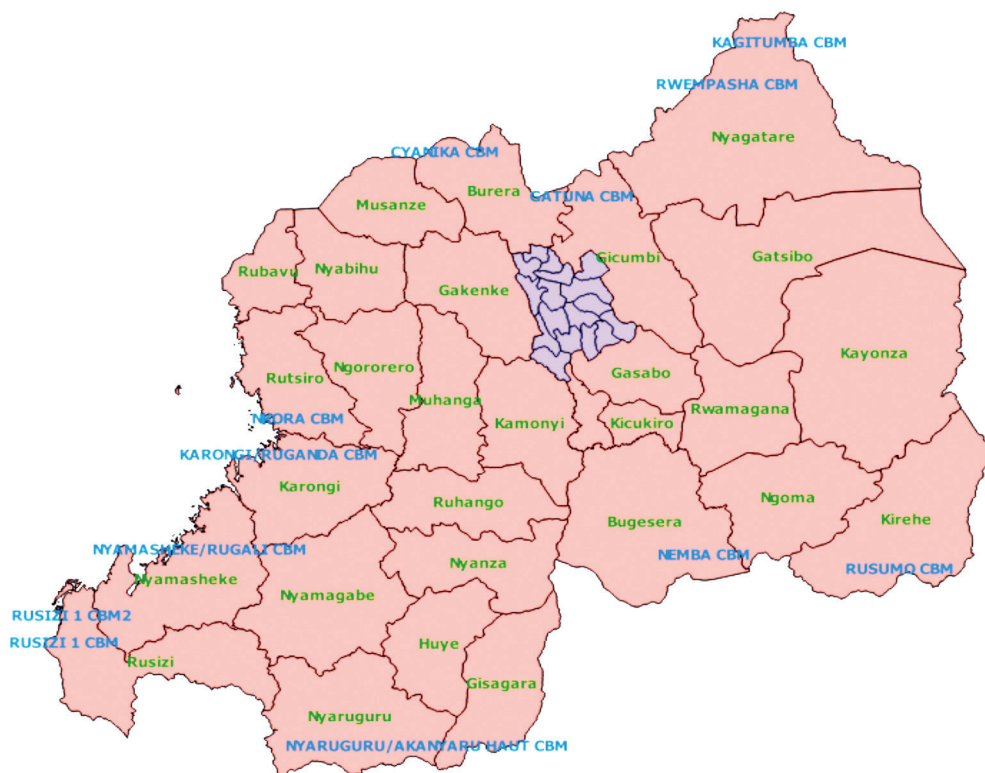
A direct link from trade to development

Rwanda has held firm political commitment to the process of economic recovery and national rebuilding from the effects of the 1994 Genocide, focusing on three broad development goals in its well-articulated Vision 2020, which includes trade. In promoting this agenda, Rwanda is striving to achieve the target of 28% of export growth as underlined in the Economic Development and Poverty Reduction Strategy (EDPRS II 2013-2018) through promoting trade, particularly at the regional level.

In line with the Vision 2020 development goals, the Government of Rwanda also continues to intensively pursue a reform agenda focusing on enhancing the attractiveness of the country as an ideal investment location and promoting trade and entrepreneurship, as well as laying a firm foundation for industrial growth and development.

Rwanda, a landlocked Least Developed Country (LDC), is also prioritizing regional initiatives to facilitate the transfer of goods and to provide alternative routings in order to ensure efficient in-country transportation and connections to foreign markets. As a result, cross-border trade (CBT) (both formal and informal) has emerged as a significant priority for national economic development. In the same footing, CBT is seen as a vital component of Rwanda's trade with its regional neighbours.

CBT links producers to markets and is essential in reducing poverty, since the poor, including many women, are intensively engaged in the informal production and trading of goods and services. This refers to border region trade with Burundi, the Democratic Republic of the Congo (DRC), Tanzania and Uganda.



***Graphic map of Rwanda showing the market sites under construction or to be constructed



Expanding the CBT network in Rwanda

CBT directly benefits the poor and can be a driver for regional peace and is key to regional trade integration. Informal CBT accounts for a considerable proportion of Rwanda's regional trade, with exports estimated at US\$108.3 million in 2015 and imports of US\$22 million. This is a very different trade balance compared to the formal sector, where Rwanda runs a trade deficit.

It is estimated that between 70% and 80% of cross-border traders are women, and 90% of these women traders rely on CBT as their sole source of income. Recognizing the importance of cross-border trade as a major component of business in the country and a particularly important avenue for poverty alleviation with a strong gender impact, Rwanda developed a National Cross Border Trade Strategy (NCBTS 2012-2017). This Strategy seeks to align this cluster of trade with trade-related policies and other existing Government policies focusing on a market-led approach to expand CBT.

Rwanda has 50 border crossing points, and 36 out of these are informal ones. Amongst other areas of support through the NCBTS, the Government plans to build markets in the next five years around border areas linking Rwanda with its neighbours to help facilitate CBT and enhance regional trade. The ongoing CBT comprehensive programme managed by the Ministry of Trade, Industry and East African Community Affairs (MINEACOM) covers the entire country.

Setting the CBT cycle in motion: Bringing partners together

The Government of Rwanda has managed to leverage significant support from development partners to support CBT prosperity in the country and in the region. Partners active in support include, amongst others, the Enhanced Integrated Framework (EIF), the World Bank, the United Kingdom's Department for International Development (DFID), TradeMark East Africa (TMEA), UN Women, the Common Market for Eastern and Southern Africa (COMESA), the African Development Bank (AfDB), Alert International, and the Food and Agriculture Organization of the United Nations (FAO). The Government, districts and the Rwandan private sector are also involved, with locally based finance already supporting the construction of a cross-border market in Nyarunguru. With a large number of partners, a coherent and programmatic approach is required to capitalize on the opportunity to achieve scale and increased efficiencies in implementation of cross-border trade initiatives.

To help coordinate CBT interventions, as well as the ongoing investments from development partners, the MINEACOM has established a specific Cross-Border Trade Coordination Unit (CBTCU) with support from the EIF project and TMEA. The Unit includes both central and district-based staff that coordinates and implements the NCBS, ensuring the mainstreaming of CBT into national programmes. The CBTCU provides technical expertise, including the design of management models for the CBT markets. For sustainability, the CBTCU has been institutionalized and integrated into the Trade and Investment Development Division of the MINEACOM to ensure the CBT projects' continuity beyond the projects' end phase.



EIF: Promoting inclusive cross-border trade

The EIF project supports the implementation of the NCBS in a cohesive approach with other partners on the ground, including TMEA and the World Bank. In supporting the Strategy, the EIF in conjunction with resources from the Government has funded feasibility studies for cross-border trade market infrastructure, which were completed with detailed designs for six districts bordering three other EIF Countries (Burundi, DRC and Uganda).

Building on this groundwork, the EIF is currently financing the «Inclusive cross-border trade capacity development project» aimed at improving the cross-border business environment as envisioned in the Strategy, by addressing institutional mechanisms, trade-related capacities and the strategic trade support infrastructure. The project has the overall objective of improving the livelihoods and the earning potential of those engaged in CBT in Rwanda, with a strong gender and poverty focus.

A core component of the EIF project is the establishment of two CBT markets on the borders with Uganda (at the Cyanika border post) and with DRC (in Karongi on the shore of Lake Kivu). These market centres are particularly important for women traders, providing a safe trading space to conduct business, saving precious time as trading becomes more efficient and reducing the frequency of carrying heavy bags of goods for long distances as goods can be stored on site. Additionally, this would offer the traders' goods protection from the rain and provide cold room storage facilities, encouraging trade in perishable goods, which would reduce the risks in seasonal trading.

These CBT markets also provide an access point for services, such as insurance coverage, forex bureaux and banks, which facilitate business transactions.

The Government of Rwanda through the Local Administrative Entities Development Agency and district authorities is contributing more than a third of the project's costs with initial commitments of US\$1,600,154 (US\$978,877 from the Central Government and US\$621,227 from District Administrations) alongside the EIF's contribution of US\$3,485,870.

These market centres are being built with the ownership of local leaders, thereby strengthening the public-private partnership amongst the trading countries along the common borders, facilitating revenue collection and contributing to the elevation of informal activities into formal business. The EIF is also working together with other partners in capacity-building, and the project's contribution to date has included the training of 770 cooperative members (including 495 women) from across 9 different districts.





WORLD BANK GROUP

The World Bank: Streamlining cross-border trading

The World Bank-supported project is seeking to free up the movement of goods and services and reduce hazards faced by small-scale traders, especially women. Implemented in cooperation with COMESA, the Great Lakes Trade Facilitation Project aims to clear logistical and administrative logjams at busy border crossings, reduce corruption and the harassment of traders — particularly of women — boost local and regional economies and alleviate poverty.

The goal of the project is to improve the efficiency, capacity and security of border operations at a number of key border crossings connecting the economies of Burundi, DRC, Rwanda, Tanzania, Uganda and Zambia, thus improving the economic health of the region.

The US\$140 million project will fuse both physical and logistical improvements in customs and border facilities with policy and procedural reforms and capacity-building. For example, the project will fund the construction of shelters for traders waiting at the border; automated turnstiles to facilitate more speedy passage through the border and less physical contact with, and therefore less potential harassment from, border officials; gender sensitivity training for border officials; and the enshrinement of policies, such as a requirement that inspections of female traders be conducted by female officials.



The project will also help COMESA to implement regulations and procedures for the treatment of small-scale border traders, including a toll-free complaint hotline, simplified immigration- and health-related procedures, streamlined access to air freight and duty-free entry for eligible goods. Implementation of these improvements, along with modernized facilities at borders and changes as simple as providing separate lines for pedestrians, will not only benefit traders; it will also benefit the Government by generating more revenue.

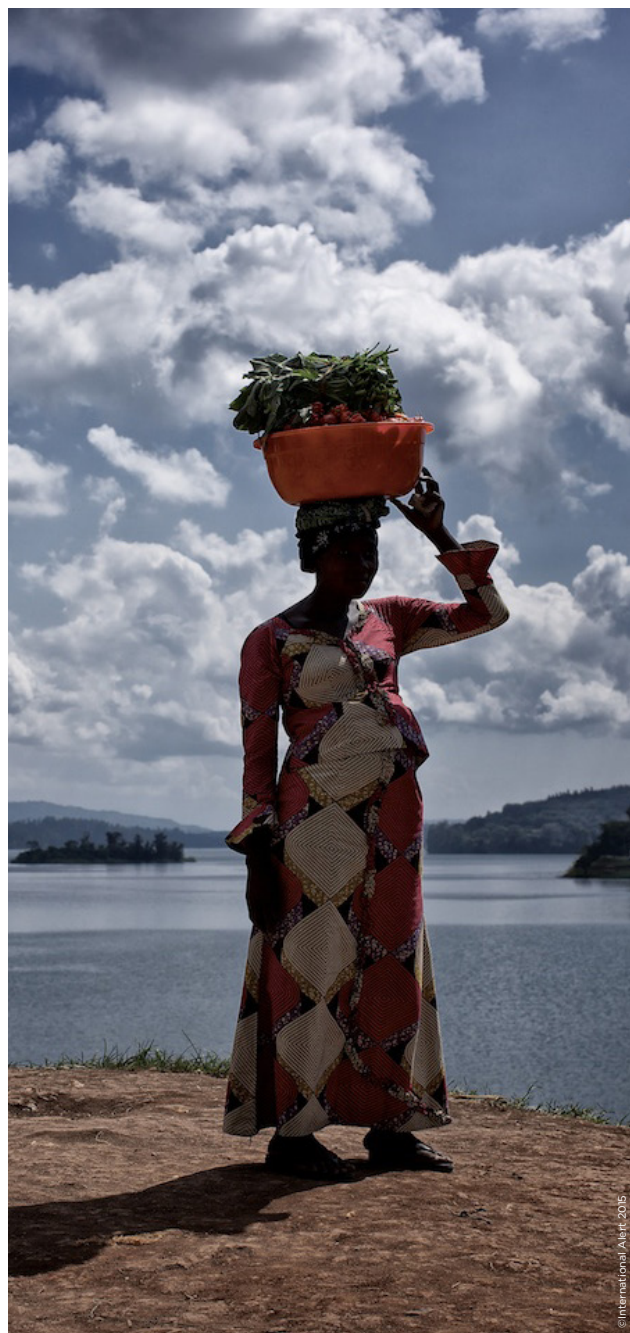
Part of the project will entail developing regional markets near border crossings, so that small traders, particularly those on foot, can quickly sell their goods, making possible more round trips per day and increased income for poor families. In Rwanda, the World Bank will construct cross-border markets at Rusizi II and Nyamasheke.



TMEA: facilitating trade across Rwandan borders

TMEA has been supporting the Government of Rwanda to address a wide variety of trade issues and has been at the forefront of Rwanda's CBT success. This included supporting the development of Rwanda's NCBTS as well as the implementation of key components. TMEA support also catalyzed the CBTCU in the MINEACOM.

With a budget of US\$6.7 million, TMEA is funding the construction of two cross-border markets at Rubavu and Rusizi and has leveraged private sector investment for the construction of a bonded warehouse in Rubavu. TMEA has also supported Pro-Femmes Twese Hamwe (PF/TH), a Rwandan civil society organization, since 2012. Under the first phase, the project targeted women informal cross-border traders at six border districts



bordering Burundi, Tanzania and Uganda (Bugesera, Nyaruguru, Gisagara, Kirehe, Nyagatare and Burera) with the objective of significantly increasing their revenues through formal trade and improved trade facilitation.

The initiative has been extended for two years (2016-2017) and has expanded to cover three more border districts, i.e., Rusizi, Rubavu and Gicumbi bordering DRC and Uganda. The project is currently being implemented in 9 districts and covers 14 border posts of Nemba, Kagitumba, Museri, Rusumo and Akanyaru Haut. Others are Akanyaru Bas, Rusizi I, Rusizi II, Ruhwa, Kamanyora, Petite Barriere, Grande Barriere, Cyanika, Gatuna and the two crossing points of Gasenyi and Gahara.

As a result, about 3,000 cross-border traders in the nine districts have already gained information on key issues relating to CBT. This information has helped them to formalize and improve their businesses. The project has also supported the formation of cooperatives. To date, 27 women cross-border traders' cooperatives are operational as a direct result of the project activities. The cooperatives' cash capital ranges between US\$1,500 and US\$6,000, compared to the previous situation when individuals held capital of US\$20 to US\$50 only.

With regard to access to finance, 15 cooperatives have accessed loans totalling US\$100,000 from savings and credit cooperatives (SACCOs) through the Business Development Fund, enabling members to expand their businesses. PF/TH is also implementing a cost-sharing fund initiative, in which more than 20 cooperatives will receive grants of about Rwandan franc 10 million (about US\$12,500) each to enable the implementation of value addition projects.

Twenty-eight per cent of cross-border traders participating in the project have already reported improvements in nutrition, access to health insurance and the ability to pay schools fees for their children.





AfDB: Inclusive CBT capacity-building

Within the framework to implement the NCBTS and regional integration, the AfDB has approved funds equivalent to US\$94 million to rehabilitate a 208 km road (Kagitumba-Kayonza-Rusumo) connecting Rwanda to Uganda and Tanzania as vital links in contributing to poverty reduction and regional integration across these three countries.

The project also includes the construction of two CBT markets at Kagitumba and Rusumo. The project aims as well at building capacity for traders and entrepreneurs in these border communities.



NEPAD/Spanish Development Fund: Supporting women in informal CBT

NEPAD's Spanish Fund for African Women's empowerment supported the MINEACOM with €350,000 to assist women in informal CBT aiming at improving their opportunities from trade and increasing their income and welfare. The overall objective of the project was to improve the socio-economic well-being of women involved in informal CBT within the shared borders of Rwanda and its neighbours.

The project was implemented through the MINEACOM under the Single Project Implementation Unit. The Women in Informal Cross-Border Trade project focuses on supporting women traders in six cross-border districts. The districts are Rubavu, Rusizi on the borders with DRC, Nyaruguru and Bugesera on the borders with Burundi, Nyagatare, and Burera on the borders with Uganda.

The project aims to increase the incomes of women involved in informal CBT. To achieve this objective, the project consists of three specific interventions to help women to overcome constraints to improving their livelihoods:

- Enhance the visibility and voice of Women in Informal Cross-Border Trade through organizing women traders into «women only cooperatives»;
- Improve opportunities for women traders through the provision of tailor-made training programmes; and
- Provide access to finance and financial training so that women traders can viably realize their opportunities.



Food and Agriculture Organization
of the United Nations

FAO: Supporting Women Small-scale Traders involved in Agricultural Cross-Border Trade Produce

In 2015, the Swedish Agency for International Development Cooperation funded the FAO to provide technical assistance and policy support to reduce specific barriers that prevent women value chain actors in eight countries, including in Rwanda, to access and benefit from participation in markets. By developing their capacities and fostering an enabling institutional environment, the project is expected to expand women's economic opportunities

and benefits from more efficient and inclusive agri-food chains – triggering multiplier effects on food security, nutrition, education and health.

The FAO has been supporting formal and informal women trader groups and associations, as well as supporting policy advocacy with regional economic communities (the East African Community – EAC) and governments.



Japan International Cooperation Agency (JICA): Promoting community development

The JICA has been working with the MINEACOM, the Rwanda Development Board, the Private Sector Foundation and the Rwanda Cooperative Agency on the One Village One Product approach of promoting community development through value addition on local products. The JICA is also assisting to construct a One Stop Border Post on the border with Tanzania.



International Alert: Building peace through women's economic empowerment and participation Project

International Alert in partnership with Réseau des Femmes and with the funding from the Swedish Government is implementing a four-year project that supports women's economic empowerment through the promotion of small-scale CBT between Rwanda and DRC. The project objective focuses on women empowerment and aims to improve access for women to economic resources and skills for CBT; increase trust and improve collaboration on women's economic empowerment, with a specific focus on women traders; and foster a more gender equitable environment between two countries. The key targeted actors under this project include women small-scale cross-border traders; officials at border, customs and migration local authorities in districts with borders and other services related to operations and transactions at borders.



UN Women: Women in Information Cross-border Trade (WICBT) Project

UN Women partnered with the MINEACOM in the development of the NCBTS ensuring a strong component on women involved in the sector. Subsequent interventions have included the production of an advocacy document and baseline report on the WICBT, including quantitative and qualitative information, the identification of principal constraints to trade and an analysis of the factors that encourage or discourage women involved in this business. The project has included entrepreneurship trainings for WICBT aimed at building women's capacities and develop appropriate management skills in their cooperatives as well as training in cooperative policy and law, taxation, and simplified trade protocols in the Great Lakes region. UN Women is also working in partnership with NEPAD, the MINEACOM and the Business Development Fund (BDF) to introduce a Guarantee Fund for WICBT (NEPAD fund), and has trained WICBT cooperatives on financial literacy and facilitated linkages with the BDF through Umurenge SACCOs.

What next for CBT

Beyond the physical infrastructure, the Government of Rwanda has also taken the lead in improving border management as well as made efforts in upgrading information and communications technology at the borders through regional and bilateral initiatives with neighbouring countries. Collaborative mechanisms through the «Joint Action Committee for Women in Informal Cross Border Trade in the Great Lakes Region» organized by the EAC, COMESA and the Economic Community of the Great Lakes Countries have helped to improve conditions and simplify procedures for CBT.

To support the NCBS, the MINEACOM is coordinating collaboration with the Women Council, the Rwanda Cooperative Authority, PF/TH and the Private Sector Federation as well as the Private Sector Federation's Chamber of Women Entrepreneurs. With these partners, the MINEACOM has prioritized capacity-building in cooperative management, entrepreneurship, border procedures and financial management. This builds on a broader Government goal encouraging cross-border traders' cooperatives to organize themselves into strong institutions to be able to carry forward this agenda to future generations. Through operating in cooperatives, the women cross-border traders are in a stronger position to be able to secure loans to expand their activities and businesses. The cooperatives have also been supported to register businesses and link to the Rwanda Cooperative Agency, in order to sustain the achievements.

A framework for coordination and implementation on informal CBT was undertaken by the National Bank of Rwanda, the National Institute of Statistics of Rwanda, the Rwanda Revenue Authority, the Ministry of Agriculture and Animals Resources and the MINEACOM. The National Bank of Rwanda has also introduced an electronic system of data collection using iPads, through which data is automatically transferred to the data warehouse located in the Bank. This is aimed at increasing the number of informal CBT transactions captured and for reporting purposes.

Making trade easier for cross-border traders through organized border markets, storage infrastructure, improved border logistics, access to finance and improved border security is leading to long-term change for border communities.

*These are some of the CBT projects under way in Rwanda. For more information, please contact the Cross-Border Trade Coordination Unit and the Single Project Implementation Unit in the MINEACOM at info@minicom.gov.rw or eif.secretariat@wto.org or visit: www.minicom.gov.rw and www.enhancedif.org.



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